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EXECUTIVE COMMITTEE OF THE
HIGH COMMISSIONER'S PROGRAMME

Fifty-third session

UNHCR ANNUAL PROGRAMME BUDGET:

2003

ADDENDUM 1 - REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

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I. GENERAL

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations High Commissioner for Refugees, entitled "UNHCR Annual Programme Budget 2003" (A/AC.96/964). During its consideration of these matters, the Committee met with representatives of the High Commissioner who provided additional information.

2. The Advisory Committee notes from paragraph 5 of the report of the High commissioner that the budget proposals for 2003 are based on data as of 1 July 2002. The Committee requests that in the future it be provided with a document that contains the most up-to-date financial data and information that may be subsequently submitted to the Executive Committee during its annual review of the UNHCR programme and budget. Information should also be provided on all elements that have been considered and approved by working groups of the Executive Committee, in the context of the consultative process that takes place within the machinery of the Executive Committee.

Presentation

3. This is discussed in paragraphs 2 to 6 of document A/AC.96/964. The Committee commented upon and welcomed the changes made to the document in its report A/AC.96/950/Add.1, paragraphs 3 to 5 for the budget for 2002. The Committee notes that in the budget document for 2003 efforts have been made to continue to comply with the recommendations of the Committee. The presentation is shorter, and many elements needed for budgetary approval have been included in Parts II (programmes) and Part III (support budget) of the report. Further improvement should be made: for example, the information on objectives and indicators of progress should be made more specific to permit the Executive Committee to evaluate the achievement of goals of the UNHCR programme. Moreover, wherever appropriate, tables in Part III of the report should include comparative data for the approved budget of the previous period, and the organization chart of UNHCR's headquarters structure should include the number of posts proposed in the budget for each organizational unit. These points should be addressed in the next budget presentation.

Mandate and role of UNHCR

4. The mandate and role of UNHCR are discussed in paragraphs 8 and 9 of the report. The Advisory Committee was informed that at its next session, the Executive Committee of UNHCR would consider the Agenda for Protection. This Agenda is the outcome of the Global Consultations on International Protection put in train by UNHCR in December 2000 as part of the 50th anniversary of the 1951 Convention relating to the Status of Refugees. The purpose of the Global Consultations was to provoke both reflection and action to revitalize the 1951 convention framework and to equip States to better address the challenges confronting refugee protection. The Agenda for Protection focuses on a range of activities to be undertaken by States, intergovernmental organizations, NGOs and the refugees themselves; it grows out of the declaration adopted at the Ministerial Meeting of States Parties on 12-13 December 2001. UNHCR has set in progress a process to integrate those activities that relate directly to the Office in its programmes and budget.

Annual and supplementary programmes

5. The revised Annual Programme Budget for 2002, Supplementary Programmes for 2002 and the initial projections for the proposed Annual Programme Budget for 2003 are summarized in paragraphs 15 to 17 and tables I.1 to I.4 of Part I (Overview) of the report. The Advisory Committee recalls its comments in paragraph 9 and 10 of its report A/AC.96/950/Add. 1 on the unified Annual Programme Budget. The Committee indicated that the unified Annual Programme Budget provides the donor community with the information needed to determine what is expected by way of resources in the subsequent financial period and that full funding of the Annual Programme Budget of UNHCR would go a long way to assure a more orderly and efficient management of its operations. The Committee exchanged views with representatives of the High Commissioner on the experience of UNHCR with the unified Annual and Supplementary Programmes. The Advisory Committee stresses the importance of continuing to improve the document on the Annual Programme Budget. At the same time however, the Committee continues to believe that the preparation of the unified Annual Programme Budget for the operations of UNHCR may have only a marginal effect on certain factors, such as the level of contributions, earmarkings and additional funding through trust funds.

6. As indicated previously by the Committee (A/AC.96/950/Add.1, para. 10), needs arising after the approval of the unified Annual Programme Budget would constitute supplementary activities. The Committee has indicated that potential supplementary programmes known at the time of the approval of the Annual Programme Budget but not included in the Annual Programme budget should be made known to the ACABQ and the Executive Committee. In this connection, the Advisory Committee notes the information provided on Afghanistan in paragraphs 18 and 37 of the report on the proposed Annual Programme budget for 2003. The projections for 2003 do not include the Supplementary Programme for Afghanistan, nor are the full requirements for this operation known at this stage. The Committee was informed that the needs for the operations in Afghanistan are not yet finalized, but their assessment would be completed before the end of the year. Resources required for Afghanistan are expected to be in the range from $150 to $175 million.

The operational reserve

7. The Advisory Committee notes from paragraph 19 and table I.5 of the budget document that transfers from the operational reserve would amount to $39.5 million in 2002, leaving an unallocated balance of $33.4 million, as at 30 June 2002. Under the Annual Programme Budget of UNHCR, its operational reserve is not a funded reserve but a budget appropriation set at 10 per cent of programmed activities. The Committee notes that transfers from the operational reserve to cover UNHCR headquarters requirements include various items that, in the Committee's opinion, should have been included in the proposals for the Support Budget for 2003. For, example, the amount of $160,622 is listed under headquarters for the creation of a D-2 level post for the Director of the Division of Human Resources Management. From the information provided in the document and by representatives of the High Commissioner during the hearings, the Committee sees no justification for the establishment of this post at the D-2 level. The Committee is of the opinion that UNHCR should carefully review the use of the special reserve to ensure

that it is limited strictly to the purposes for which it was established and in accordance with UNHCR's financial rules governing the use of the operational reserve (see A/AC.96/959, Annex 10, extract from document A/AC.96/503/Rev.7).

II. THE SUPPORT BUDGET

8. The Support Budget of UNHCR, covering Programme Support (both field and headquarters) and Management and Administration (headquarters) estimates are discussed in Part III of the budget report. Tables III.1 to III.3 show the breakdown of the Support Budget by organizational unit, by main object of expenditure and by location (field and headquarters).

9. The Advisory Committee notes from paragraphs 31, 32, 39 and 47-48 and tables I.9 and III. 4 and III.5 the proposed changes in posts for 2003. The initial projection for 2003 is for a total number of posts at UNHCR of 4,426, as compared with 4,400 for 2002. For 2003, 710 posts are proposed for UNHCR headquarters and 3,716 for field activities. These figures reflect both proposals for new posts and discontinuations. Under the Support Budget, 2,485 posts are proposed for 2003, as compared with 2,494 for 2002. In addition the Office has recourse to 154 Junior Professional Officers, 416 United Nations Volunteers, consultants and other personnel on short-term contracts (see A/AC.96/964, tables I.9, III.2 and III.5). The Committee notes that information on staff on short-term contracts is not transparent in the presentation of the estimates.

10. The Advisory Committee notes from paragraph 32 of the budget report that 251 new posts are proposed for establishment in 2003. Of these, ten are for headquarters, 133 for the field, and 108 posts are proposed conversions of "project staff". The conversions have been proposed for 2003 under UNHCR's Programme (29 posts) and Programme Support (79 posts) (see A/AC.96/964, paras. 49-51 and Annex 1, para. 11).

11. With regard to project posts, the Board of Auditors raised the issue in an audit observation on project personnel in its report for the year ending 31 December 2000 (A/AC.96/949, paras. 106-107). The Board noted that the "project staff" concerned were not included in the approved staffing table for UNHCR posts even though they were effectively used to maintain programme and administrative support activities of UNHCR. The Advisory Committee also commented on this matter in its report on the proposed Annual Programme Budget for 2002 (A/AC.96/950/Add.1, para. 34), expressing concern that the level of the support budget may have been understated by including support expenditure in project budgets, as some 970 programme administrative support personnel were charged to project budgets. The Committee was informed that at the end of 2001 the number of project personnel was 1099 and that 145 posts would be proposed for conversion in 2004. The rest of these personnel would be transferred to the United Nations Office for Project Service (UNOPS) and the United Nations Volunteer programme of the United Nations Development Programme (UNDP) and others would be discontinued. The Committee was provided with a table showing the proposal for phase out arrangements of "project staff" (see the annex to this report).

12. The Advisory Committee expresses concern about the growth in the number of posts at a time of serious budgetary constraints. The Committee observes that the proposed conversions of "project staff" do not appear to have been justified in terms of long-term programme needs. The Committee therefore requests a rigorous monitoring of staff costs both at headquarters and in the field. Any proposal to convert an additional 145 posts for 2004 should be fully justified in the next budget. Should programme requirements not justify all conversions, consideration should be given to terminating these personnel in accordance with UNHCR practice. Furthermore, the Committee requests that, in the future, table III.2 be modified to show comparative information for the previous two years, including initial estimates for proposed revisions.

13. The Advisory Committee requested and was provided with a post analysis for Kenya and few other field offices. The Committee observed that there is no obvious relationship between programme posts and programme support posts in some locations. In a sub-office (Kakuna), for example, there are 27 programme posts but no programme support posts. Posts such as those for drivers, telephone operators, and personnel in the areas of information technology, finance and administration are categorized as programme posts. Similar comments could be made regarding the information supplied for other offices in Africa and Asia. The Committee requests an examination of this matter to ascertain whether the cost of support and management activities in the field is being understated while programme expenditure is overstated.

14. The Advisory Committee points out that the classification of the UNHCR budget into three broad categories of Programme, Programme Support and Administration and Management enable both the High Commissioner and the Executive Committee to evaluate the cost effectiveness of activities that are being undertaken. This objective would be defeated by arbitrary shifts of resources between the above categories or by inconsistent application of agreed criteria for classifying posts into any of the above broad categories.

Information technology

15. Upon request, the Advisory Committee was informed that over a seven-year period from 1997, the total direct expenditure through 2001 and budget estimates for 2002-2003 amount to $135.6 million. Recalling its previous observations (see A/AC.96/950/Add. 1, para. 36), the Committee regrets that the presentation of this type of expenditure, as shown in paragraphs 58-65 and table III. 10 of the budget report, continues to need significant improvement. Table III.10 gives no picture of the original estimates. It provides revised estimates for 2002 and initial estimates for 2003 but no comparative figures for previous years. The Committee reiterates its view that all proposed information technology projects/modules should be clearly identified in the budget document, together with corresponding budget estimates and time frames for implementation. Progress in implementation of on-going projects and costs incurred should also be identified and summarized in the budget report, without increasing further the size of the present document. Information on IT and other matters that may require detailed and lengthy explanations of the subject should be provided to the Committee, as supplementary information, during its review of the budget.

Staff training

16. Staff training is discussed in paragraphs 56 and 57 of the budget report. In tables III.8 and III.9, budget and personnel statistics are given. The Committee welcomes this information and that the Office has decided to start training in fraud awareness. The Committee notes from table III.9 that training activities in 2001 would comprise a total of 6,013 persons (3,899 UNHCR staff and 2114 personnel from implementing partners). The corresponding totals for 2000 were 4,476 persons (3,709 UNHCR staff and 767 personnel from implementing partners) (A/AC.96/950, table III.9). In this connection, the Committee enquired about the procedures used to evaluate the impact of this training. The Committee was informed that field offices are expected to monitor the impact of the training service since the training budget has been decentralized to the field. The Committee sees merit in such decentralization. However, UNHCR headquarters must give field offices policy direction regarding priorities in training activities based upon identification of needs and risk as derived from, *inter alia*, reports on evaluation, inspection, audit or other relevant sources.

United Nations Volunteers

17. As indicated in paragraph 9 above, table 1.9 shows (footnote) that UNHCR is benefiting from the services of 416 United Nations Volunteers (UNVs). The Advisory Committee was informed that given the importance that UNHCR attaches to this valuable resource, UNHCR has opened discussions with UNV managers (Bonn and Geneva) with the objective of managing this resource better to the satisfaction of both organizations. To date, the recruitment of UNVs has been initiated mainly by UNHCR Directors of Country Operations in the field. The Committee was informed that given the large number of UNVs in UNHCR programmes, UNHCR intends to coordinate and manage this resource centrally to fully utilize their services to UNHCR; this, however, would not change the local administrative arrangements.

UNHCR PROJECT STAFF
Proposal from Field Offices for phase out arrangements of Project Staff,
supported by the Working Group
PCOS/DOS - March 2002

SUMMARY

	Number of Project Staff			Post Creation as of January 2003			Other arrangements			Discontinuation
Operational Regions	Professional Staff	General Services	Total (end 2001)	Professional Staff	National Officer	General Services	Individual Contractor Contract	Service Contract Company	Transfer to UNOPS/ UNDP/ UNV	2001 - 2004
TOTAL AFRICA	2	540	**542**	0	0	90	0	178	27	247
TOTAL CASWANAME	0	249	**249**	0	0	107	18	39	8	77
TOTAL ASIA	0	158	**158**	0	1	14	0	40	0	103
TOTAL EUROPE	15	93	**108**	1	7	8	0	7	2	83
TOTAL AMERICAS	15	27	**42**	0	15	21	0	0	0	6
GRAND TOTAL	***32***	***1067***	***1099***	***1***	***23****	***240****	***18***	***264***	***37***	***516***

*2 regularised Jan 2002 **9 regularised Jan 2002